

Attachment 3

American Transmission Company

Environmental performance report In support of its Green Tier application

American Transmission Company LLC and its corporate manager, American Transmission Company Management Inc, collectively referred to as American Transmission Company (ATC) started operation on January 1, 2001 as the first electric transmission company in the country. Its mission is to provide open access to the transmission system by owning, operating, maintaining and constructing electric transmission facilities. ATC owns nearly 9000 miles of transmission line and approximately 450 substations in Wisconsin, Michigan's Upper Peninsula and northern Illinois. It has 28 contributors, and a nine-member board of directors consisting of five directors from the founding participants and four directors employed outside the energy industry.

ATC's environmental strategy is one of leadership, expressed through its Environmental Commitment statement, attached to this document. This statement has become ATC's environmental policy statement and has been used for the past three years as a basis for annual as well as five year strategic planning for the Environmental Department. ATC uses an avoid-protect-restore/mitigate approach to environmental protection in the construction work we do. First, we avoid impacting environmental features through siting and design choices. If environmental features cannot practicably be avoided, environmental features will be protected. If protection cannot be practicably implemented, then restoration will be implemented.

ATC's Environmental Department, with assistance from other departments, has recently completed developing its environmental management system, internally called Fred. Fred provides an organized, systematic way of identifying ATC's environmental impacts as well as legal and other requirements, setting appropriate objectives and targets, and establishing environmental programs to achieve those objectives and targets. In doing so, we define structure and assign responsibilities, document and manage our procedures, work instructions, vital records and compliance requirements. Fred also provides a method for monitoring, measuring, reporting and improving our environmental performance. Fred was developed based on the Plan-Do-Act-Check cycle of continual improvement described by ISO standards,

incorporating continual improvement. As Fred was developed, we incorporated initial procedures and work instructions for waste disposal issues, building prevention of pollution into procedures and work practices. We continue to develop procedures and work instructions that will assist ATC in consistently performing its project work.

This report contains sections that describe baseline performance, current performance, future plans for enhancing performance. Supporting documentation is referenced in the text and is attached. Since the Green Tier application focuses on improving ATC's electric transmission line project implementation, the baseline performance section uses the Environmental Commitment Statement as a method of organization.

Baseline performance

Each ATC project has an impact on the environment. The degree and longevity of impact depends on the type and location of the project, construction methodology and resources present. Addressing these impacts was first accomplished through development and implementation of an environmental strategy, expressed in ATC's environmental commitment statement.

ATC's Environmental Commitment statement contains six actions through which it demonstrates its commitment to environmental excellence. These are:

- 1) Comply with all applicable laws, regulations and orders
- 2) Reduce environmental impacts of construction, operation and maintenance through the use of innovative practices, cost-effective technologies and, where appropriate, environmental mitigation and enhancement
- 3) Involve employees in environmental stewardship through job responsibilities and encouraging volunteerism
- 4) Provide employees the tools to participate in environmental stewardship through education and training
- 5) Address transmission-related environmental issues proactively with regulators and other stakeholders through partnerships and collaborative working relationships
- 6) Develop and implement an environmental appraisal process to ensure ATC continues to meet its environmental goals
- 7)

Since its inception, ATC has aggressively pursued a leadership strategy by implementing its environmental commitment. As a result, we've built an environmental ethic into our business activities, developed an attitude of environmental

protection within ATC and actively seek ways of improving environmental performance. To document baseline performance, the activities and accomplishments to date will be tied to the six actions listed above, and are documented in tabular form below. This table also identifies the Green Tier goals that are currently being met through ATC's actions. The three main Green Tier Program goals are to (1) move beyond compliance, (2) address unregulated environmental issues, and (3) natural resource protection and restoration.

Table of activities and connection to environmental commitment actions

Activity	Compliance	Reduce impacts	Environmental Stewardship	Education and training	Partnerships	Appraisal (EMS)	Green Tier Program Goal(s)
Environmental Management system – Fred	X	X	X	X	X	X	1, 2, 3
Comply with permits and orders	X						1,3
Construction inspection	X	X				X	3
Approach to environmental stewardship – Avoid/protect, restore/mitigate, and enhance		X					3
Build environmental avoidance and protection into design		X	X				1, 2, 3
Complete analysis of	X	X					1,2,3

Activity	Compliance	Reduce impacts	Environmental Stewardship	Education and training	Partnerships	Appraisal (EMS)	Green Tier Program Goal(s)
environmental features of a project prior to completing the work. This includes literature search and field surveys as necessary to ensure proper protection is in place. ATC has a license agreement with the DNR's BER for use of the GIS formatted NHI database.							
ATC provided funding through the NRF to support completion of the DNR's BER NHI portal development.	X	X			X		1,2,3
Provide avoidance and protection during construction	X	X					3
<ul style="list-style-type: none"> Require environmentally or culturally sensitive areas be identified 	X	X		X			3

Activity	Compliance	Reduce impacts	Environmental Stewardship	Education and training	Partnerships	Appraisal (EMS)	Green Tier Program Goal(s)
for avoidance							
<ul style="list-style-type: none"> Develop construction access to avoid sensitive areas 		X					3
<ul style="list-style-type: none"> Employ construction techniques to protect those environmentally special areas that are not avoidable, including <ul style="list-style-type: none"> Winter construction – frozen conditions in wet areas and dormant vegetation Construction mats to protect wet and other sensitive areas Use of tracked or large tire vehicles to spread the weight of the 	X	X		X			1, 2, 3

Activity	Compliance	Reduce impacts	Environmental Stewardship	Education and training	Partnerships	Appraisal (EMS)	Green Tier Program Goal(s)
vehicle reducing ruts - For specially sensitive areas - walk-in access and helicopter access							
<ul style="list-style-type: none"> Move nests of osprey and eagle from transmission structures to nesting platforms installed near the original nest site. This is done in cooperation with the DNR and US Fish and Wildlife Service and is intended to protect both the birds as well as the reliability of the transmission line. 		X	X	X	X		1, 2, 3
Provide restoration where protection was not doable		X					3
Use of low		X	X	X	X		1, 2, 3

Activity	Compliance	Reduce impacts	Environmental Stewardship	Education and training	Partnerships	Appraisal (EMS)	Green Tier Program Goal(s)
maintenance, native vegetation at facilities owned by ATC (such as substations) and encourage landowners to plant compatible native vegetation along electric transmission line easements							
<ul style="list-style-type: none"> • ATC restores areas around owned facilities (such as substations) with native vegetation 		X	X	X			3
<ul style="list-style-type: none"> • Encourage landowners to plant low-growing native vegetation in transmission rights of way 		X	X	X	X		3
<ul style="list-style-type: none"> • Published and distribute a planting guideline that communicates ATC's right of way maintenance 		X	X	X	X		1, 2, 3

Activity	Compliance	Reduce impacts	Environmental Stewardship	Education and training	Partnerships	Appraisal (EMS)	Green Tier Program Goal(s)
policies and identifies low-growing native vegetation that landowners can plant near a transmission line							
<ul style="list-style-type: none"> Management of rights of way includes removal of invasive plant species and restoration with native vegetation with concurrence of landowner 		X	X	X	X		1, 2, 3
Earth Day celebration each year with special activities for employees and with organizations near each of our main office, Madison and De Pere. Initiated 'Earth Day is Everyday' in 2004, to help ensure that Earth Day is not just celebrated one day			X	X	X		3

Activity	Compliance	Reduce impacts	Environmental Stewardship	Education and training	Partnerships	Appraisal (EMS)	Green Tier Program Goal(s)
but infuses everything we do. Earth Day activities have included: Build nesting boxes which are donated to local nature centers Clean up Busse Woods in Pewaukee combined with speakers							
Proceeds from Earth Day t-shirt sales to be donated to the Natural Resources Foundation, dedicated to support the DNR's Bureau of Endangered Resources.			X		X		3
Work with local communities and environmental organizations to provide environmental stewardship including Izaak Walton League of Brown County Prairie restoration; support for the Einstein project;		X	X	X	X		2, 3

Activity	Compliance	Reduce impacts	Environmental Stewardship	Education and training	Partnerships	Appraisal (EMS)	Green Tier Program Goal(s)
support for Green Bay's Flutter Day; contributed to the Mequon Nature Preserve; provide financial support for environmental organizations in Wisconsin including WWA, TNC, RAW, Sierra Club, Madison Audubon, Gathering Waters.							
Member of organizations being funded by ATC and board membership			X	X	X		3
Have developed and offered internal formal environmental training for employees and contractors including Karner Blue Butterfly, wetland, spill plans, Earth Day speakers	X	X	X	X	X		3
Informal training occurs on a daily basis as a result of interactions on		X	X	X			

Activity	Compliance	Reduce impacts	Environmental Stewardship	Education and training	Partnerships	Appraisal (EMS)	Green Tier Program Goal(s)
project teams							
ATC is a partner to the DNR's Karner Blue Butterfly protection partnership		X	X	X	X		1, 2, 3
ATC is a member of the National Wild Turkey Federation's Energy for Wildlife program		X		X	X		3
ATC is a member of the Wisconsin Bird Conservation Initiative		X	X	X	X		3
ATC works with the DNR to identify environmentally beneficial projects		X	X	X	X		1, 2, 3

Current Performance

Each of the six pieces of ATC's environmental commitment – compliance, environmental stewardship, employee involvement, education and training, partnerships and appraisal (EMS) – are applicable to construction projects. The table above represents the baseline as well as the current overall corporate performance by describing the activities in which ATC is involved and the facets of environmental commitment that the activity achieves. Many of the activities described in the table above have direct and indirect impacts on ATC's construction projects.

ATC, as a new company, is still developing necessary processes and related procedures. Fred currently provides a standardized and orderly framework for organizing and making decisions about the environmental work. However, the procedures that relate to construction projects are in development. Current performance regarding the covered activities is based on the experience and commitment of the environmental department staff

Future Plans for enhancing the environment

The interface between ATC's responsibilities and environmental impact occurs most often within its construction projects, and represents the greatest potential for environmental impact as well as the greatest opportunity for benefit. ATC also needs to ensure quick action on permit applications for projects to move forward in a timely manner. Construction delays are costly, and have the potential to increase impact if regulatory delay reduces or eliminates the opportunity to use optimal protection methods, such as winter construction.

Rather than stipulating specific construction methods or practices for a particular project, setting resource management and protection goals within a regulatory process provides improved protection opportunities as a project is implemented. This approach allows the company in partnership with its consultants and contractors to develop protection measures that meet the resource goals, are doable from a construction standpoint, and are integrated into the construction. This partnership approach supports the use of creative and innovative construction methods, allows for site-specific modifications as construction progresses, allows for modifications to improve protection effectiveness, builds support and buy-in from the partners, and improves assurance of effective protection.

Impacts of construction projects can be organized and classified by general types of ATC projects. This approach to evaluating impacts by ATC project type was used successfully in defining potential impacts on endangered resources in negotiating ATC's NHI license. Separating the types of impacts allows for the differentiation between permitted activities and those for which DNR permit is not required but for which all parties agree are appropriate for resource protection, and supports the need to document and report activities that go beyond regulatory requirements.

ATC's proposed area of focus is to develop methods of ensuring construction projects move forward quickly while also ensuring proper environmental avoidance, protection and mitigation measures are in place. ATC's proposal is also designed to meet the state's goals for Green Tier – move beyond compliance, address unregulated environmental issues

and natural resource protection and restoration. In order to accomplish these goals ATC proposes the following five actions:

- 1) Develop and implement construction standards. Standards help meet all three goals. In order to support this approach, the following should also occur:
 - a. ATC will develop and implement standardized construction procedures, practices and work instructions. These will apply to all construction and maintenance projects, will be incorporated into Fred and will include training and auditing.
 - b. These construction standards can then be used in the following ways in order to meet environmental goals set by the DNR and ATC on specific projects:
 - i. to define general permits for regulated activities for the projects with little or no impact
 - ii. to serve as a menu of standard methods and approaches to construction in environmentally sensitive areas for permit applications with environmental issues not covered by the standards to be addressed as exceptions
 - iii. to serve as a basis for training contractors and employees
 - iv. to serve as a basis for working with contractors and employees to improve protection implemented
 - v. to serve as a basis for measuring compliance
 - c. The construction standards will be used as standards for permit applications, allowing DNR to focus on exceptions not adequately covered by these standards, and procedures will provide a standardized method for resolving these exceptions.
 - d. Construction standards should also assist DNR with its alternatives analysis by allowing these analyses to focus on macro rather than micro issues. Standards ensure that micro issues are addressed and allow focus on larger route/site ecosystem impacts and alternatives. For this to be successful, DNR should
 - i. identify and segregate regulatory requirements from those actions/activities that support alternatives analysis or provide protection beyond regulatory requirements
 - ii. set project-specific environmental protection goals.
- 2) Environmental Stewardship. Stewardship has been an important feature of ATC's environmental program and our approach to projects. Stewardship projects are one facet of ATC's commitment to going beyond compliance, provide local as well as resource benefits, afford opportunities to integrate the company into the local community, and provide a starting point for long-term relationships and partnerships. Stewardship projects are also intended to meet mitigation requirements should these be required to ameliorate unavoidable impacts

of a project. The proposal formalizes our approach and helps meet two goals – restoration and going beyond compliance.

a. *Proposal.* ATC proposes to fund environmental stewardship associated with its covered activities. This funding may be in two forms

- i. Development and annual funding of an ATC Environmental Stewardship Fund, administered by Natural Resources Foundation (NRF)
- ii. Continued support for special projects, funded through the Environmental Department (this represents a continuation of providing funds to special projects and environmental organizations.)

b. *ATC Environmental Stewardship Fund*

- i. Develop ATC Environmental Stewardship Fund with the Natural Resources Foundation (NRF). which will act as the third party administrator and make all grant decisions
- ii. ATC will contribute a portion of its annual construction budget for projects that require a CA or CPCN order from the Public Service Commission of Wisconsin. The amount of the contribution is being determined.
- iii. ATC and NRF to work out details of this program, with a special focus on supporting State Natural Areas..
- iv. Annually,, ATC will recommend to the DNR and Environmental Advisory Group a distribution of the funds to be contributed to the ATC Stewardship Fund, based on where ATC completed construction over the past year and where impacts occurred. The DNR and Environmental Advisory Group review and provide comment on the distribution of funds
- v. ATC makes donation to NRF with recommended targets for regions of Wisconsin
- vi. NRF issues request for grants from DNR and other organizations, or if there is a specific need within the State Natural Areas (SNA) program in a region identified by ATC, NRF has the opportunity to designate funding to that SNA directly.

c. **Continued support for stewardship projects**

- i. ATC's Environmental Department Team will identify potential environmental stewardship projects as part of its annual planning.
- ii. The Environmental Department budget will continue to reflect projects identified as ongoing and/or potential new stewardship and partnership projects.

- iii. All dollars in this budget are considered committed (If the projects that materialize do not use the entire funding, ATC would donate the remainder into the ATC Stewardship Fund for distribution by NRF)

3) Environmental Advisory group

- a. ATC, with support and participation of DNR, will form an Environmental Advisory Group consisting of environmental stakeholder groups
- b. The purpose of this group is to provide third party oversight of, review of and input into ATC's Green Tier implementation
- c. The group members will meet periodically to review and provide input on ATC standards, participate in periodic review of implementation, provide feedback regarding environmental stewardship targeted projects, and participate in the continual improvement process
- d. At least annually, ATC, DNR and the Environmental Advisory Group review environmental performance on projects to determine what has worked, not worked and where improvements should be made to procedures, work instructions and standards.
- e. Participant funding. ATC will fund a grant program administered by the Natural Resources Foundation for the purpose of reimbursing Advisory group members' expenses associated with participating in the group.

4) Audits and reporting

- a. ATC will complete a Readiness Assessment at the beginning of Green Tier participation.
- b. ATC will complete scheduled self-audits and third party audits to support the Green Tier program
- c. ATC will report annually on results of audits

5) Continual improvement

- a. As ATC develops and implements project-related standards, it will also apply the continual improvement features of Fred

Attachments

- A Environmental Policy
- B Table of Project types